LEE & ASSOCIATES
COMMERCIAL REAL ESTATE SERVICES

LEE & ASSOCIATES ATLANTA

OFFICE MARKET REPORT Q4 2020

-1,316,179 SF
Q4 Net Absorption ↓
Q3 -409,603 SF

16.2 %
Q4 Vacancy ↑
Q3 15.5%

1,505,146 SF
Q4 Leasing Activity ↓
Q3 1,865,752 SF

6,176,158 SF
Q4 Under Construction ↑
Q3 5,382,205 SF

306,514 SF
Q4 New Supply Delivered ↑
Q3 206,440 SF

$28.22 PSF
Q4 Average Asking Rent Per Yr. ↓
Q3 $28.33 PSF

$182 PSF
Q4 Average Sales ↑
Q3 $131 PSF

$376,000,000
Q4 247 Sales Transactions ↑
Q3 $276,819,698

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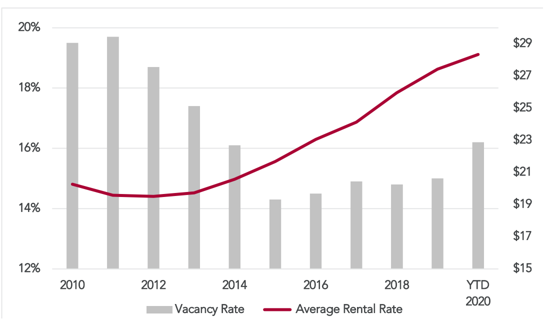
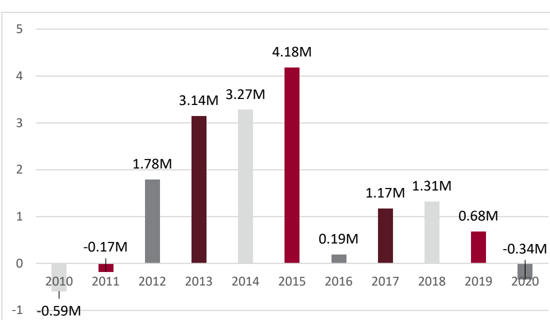
OVERALL RENTAL RATES Q4 2020

$28.22	↓	Overall
$31.18	↓	Class A
$21.40	↑	Class B
$16.84	↑	Class C

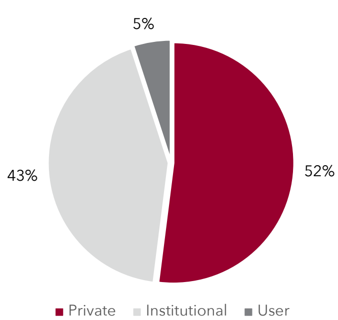
VACANCY & RENTAL RATE
percentage, 2010 - 2020



ABSORPTION
in SF, 2010 - 2020



BUYER TYPE
Q4 2020



MARKET OVERVIEW

ABSORPTION/VACANCY In 2020, Atlanta experienced its first negative net absorption since 2011 (-341,177 SF). Vacancy reached 16.2%, the highest year-end vacancy rate since 2014. While there has been a lot of talk about office tenants fleeing to the suburbs, Atlanta CBD gained 278,736 SF in 2020 while the suburbs lost 619,913 SF of tenants. By class, Class A absorbed 427,493 SF while Class B and Class C had negative absorptions of -654,698 and -113,972 SF respectively.

Major tenant move-outs in Q4-20 included AT&T (933,251 SF (CDB)) and American Cancer Society (543,491 SF (CBD)). Conversely, State Farm moved into 670,000 SF (suburbs) and Anthem BlueCross took 352,000 SF (CBD).

Sublease availability rose to 2.2 MSF in Q4, 1 MSF higher than the availability at the end of Q4-19 and now makes up 6% of the total available product. Roughly 1.6 MSF or 66% of the sublease listings are class A space, with 600,000+ SF class B space.

DEVELOPMENT/CONSTRUCTION Almost 2.6 MSF of new product was delivered in 2020, the highest number the market has seen since 2010. Notable deliveries include Twelve24 (335,000 SF in Central Perimeter), 10000 Avalon (249,579 SF in North Fulton) and 8West (190,381 SF in Midtown). Despite record deliveries, new construction remains underway with 6.2 MSF currently under construction in Atlanta.

RENTAL RATES Rates ended the year at $28.22/PSF, an annual record high, up 2.8% year-over-year (YOY).

LEASING ACTIVITY Leasing activity dropped almost 19% to 1,505,146 SF in Q4, a 60% decrease YOY. Despite this increase, tenant tours are expected to pick up and companies are expected to get back in the office by Q3-21.

Not all submarkets are created equal, while the headlines have been for Midtown and Central Perimeter, Buckhead and Downtown have really struggled. Buckhead has had negative net absorption 7 out of the last 8 quarters, and the vacancy rate has risen by 150 basis points. Downtown has had 5 negative quarters in a row dating back to Q4-19, with a vacancy rate 140 basis point higher.

LARGEST PROJECTS UNDER CONSTRUCTION as of Q4 2020

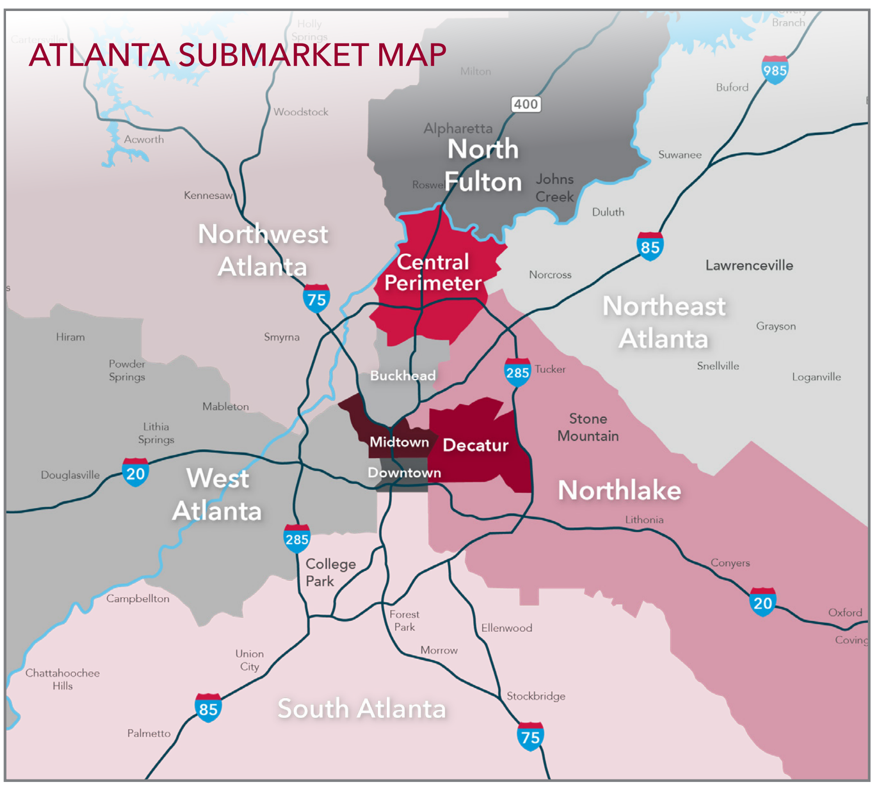
Building Name	Building Address	SF	Preleased	Delivery
Norfolk Southern HQ	650 W Peachtree St	750,000	100%	Q3-21
1105 WP	1105 W Peachtree St	654,153	40%	Q2-21
Midtown Union	1331 Spring St NW	612,947	48%	Q3-22
760 Ralph McGill	760 Ralph McGill Blvd	475,000	44%	Q3-22
Phase II-Building 3	240 Perimeter Center	429,200	100%	Q1-21

OFFICE SUBMARKET DATA

Office Submarkets	Total Inventory	Vacancy Total SF	Vacancy %	Net Absorption 2020	Deliveries 2020	Under Construction	Asking Rent PSF
Buckhead	22,286,412	3,535,576	15.9%	(335,778)	85,100	398,000	$35.93
Central Perimeter	30,310,362	6,257,402	19.3%	654,856	1,005,000	429,200	$28.29
Downtown	26,588,764	4,169,930	14.7%	(183,817)	72,229	203,750	$28.82
Midtown	25,289,389	3,331,741	12.6%	665,064	439,426	3,653,129	$40.24
North Fulton	26,814,086	4,708,288	16.2%	(13,336)	444,736	273,031	$24.37
Northeast Atlanta	24,099,666	4,120,415	18.7%	(54,080)	0	30,138	$21.68
Northlake	18,895,722	2,703,486	14.3%	(72,609)	148,145	350,000	$22.80
Northwest Atlanta	34,286,592	5,257,072	15.3%	(290,400)	73,211	365,461	$26.17
South Atlanta	14,284,664	1,772,597	12.4%	147,395	109,000	25,000	$18.53
West Atlanta	3,548,595	564,629	15.9%	89,883	27,312	261,461	$21.64
Total	226,404,252	36,630,478	16.2%	(341,177)	2,565,874	6,176,158	$28.22

Office Submarkets	Total Inventory	Vacancy Total SF	Vacancy %	Net Absorption 2020	Deliveries 2020	Under Construction	Asking Rent PSF
Class A	122,737,408	22,489,212	18.3%	427,493	2,354,683	5,888,798	$31.18
Class B	88,920,149	12,968,929	14.6%	(654,698)	211,191	287,360	$21.40
Class C	14,831,242	1,121,271	7.6%	(113,972)	0	0	$16.84
Total	226,404,252	36,630,478	16.2%	(341,177)	2,565,874	6,176,158	$28.22

ATLANTA SUBMARKET MAP



METRO ATLANTA FACTS & FIGURES

#1 Most Traveled Airport in the World
Atlanta is within a 2-hour flight of 80% of the US population

#1 Georgia is the #1 State for Doing Business Seventh Year in a Row

#1 Top Moving Destination for the Eighth Consecutive Year

#1 Metro Area Technology Hub

Third-party data sources: CoStar Group, Inc., Real Capital Analytics, and Georgia State Economic Forecasting Center.
The Lee & Associates Atlanta Industrial Market Report compiles market data by using a third-party database for the proprietary analysis of building sizes of 15,000 SF and larger in the Atlanta Metropolitan Area.

Market report analysis by: Willie Candler, Research Associate
Market report created by: Bentley Logue, Graphic Designer

Q4 2020 TOP LEASES - SIGNED

Property Name	Address	Submarket	Tenant Name	SF	Lease Type
Douglasville Town Center	5893-5989 Stewart Pky	West Atlanta	BuggyBusters	117,789	New
Glenridge Highlands Two	1224 Hammond Dr	Central Perimeter	Insight Global	91,647	New
4004 Perimeter Summit	3 Ballpark Ave	Northwest Atlanta	Papa Johns	61,187	New
Satellite Place Bldg 800	1500 Centre Pky	South Atlanta	-	47,643	New
Perimeter Summit	4004 Summit Blvd	Central Perimeter	Burns & McDonnell	45,708	New

Q4 2020 TOP SALES

	Property Name	Submarket	Buyer	Seller	Class	SF	Sales / PSF
1	30 Ivan Allen Blvd NE	Downtown	Menlo Equities	Forward One Corporation	A	280,670	$11.8 M / $124
2	300 Interstate N Pky SE	Northwest Atlanta	Entertainment Studios	Rubenstein Partners	B	181,269	$7.47 M / $131
3	387 Technology Cir	Downtown	TPG Global	The University Finance Fdn	A	126,760	$6.55 M / $158
4	620 Morgan Falls Rd	Central Perimeter	City of Sandy Springs	TPA Group, LLC	A	105,718	$6.32 M / $88
5	3905 Brookside Pky	North Fulton	Atlanta's Women Health	The Simpson Organization	B	80,314	$5.90 M / $184

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